

Message Text

PAGE 01 STATE 039197
ORIGIN EB-08

INFO OCT-01 EA-07 ISO-00 INRE-00 SSO-00 CAB-02 CIAE-00
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APPROVED BY EB/OA:MHSTYLES
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O 221652Z FEB 77
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA IMMEDIATE

C O N F I D E N T I A L STATE 039197

FOR ROBERT A. BROWN, USDEL CIVAIR

E.O. 11652: GDS

TAGS: EAIR, ID

SUBJECT: CIVAIR: US-INDONESIA NEGOTIATIONS

1. FOLLOWING IS TEXT OF LETTER TO SECRETARY VANCE FROM
CHAIRMAN ROBSON REGARDING US-INDONESIA AND US-SINGAPORE
CIVAIR NEGOTIATIONS:

QUOTE THE BOARD WELCOMES THIS OPPORTUNITY TO EXPRESS ITS
VIEWS AND COMMENTS FOR THE FORTHCOMING NEGOTIATIONS WITH
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REPLIES TO THE DEPARTMENTS LETTERS OF JANUARY 21 AND 24,
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QUOTE INDONESIA AND SINGAPORE SHARE SOME MARKED SIMI-
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WHILE SINGAPORE HAS FEW, BUT IT IS A COMMERCE AND

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UNITED STATES. THUS, THE BOARD HAS SERIOUS RESERVATIONS WHETHER ALL THE SEVERAL OUTSTANDING ROUTE REQUESTS SHOULD BE GRANTED AND RECOMMENDS THE UNITED STATES NEGOTIATE WITH THE OBJECTIVE OF SEEKING THAT AGREEMENT WHICH IS THE MOST ADVANTAGEOUS FOR U.S. CARRIERS AND U.S. TRAVELING PUBLIC.

QUOTE INDONESIA - TURNING FIRST TO INDONESIA, WE HAVE HAD MYRIAD PROBLEMS IN OUR AIR RELATIONS OVER THE YEARS. PAN AMERICAN HAS BEEN OPERATING IN JAKARTA SINCE 1959. A FORMAL AGREEMENT WAS FINALLY SIGNED IN 1968. THE GOVERNMENT OF INDONESIA HAS NOT HONORED ITS BILATERAL AVIATION OBLIGATIONS UNDER THAT AGREEMENT, AND PAN AMERICAN, AFTER PRESSURE ON SERVICES TO HONG KONG FROM THE BRITISH, TERMINATED ITS AUSTRALIA-INDONESIA-HONG KONG SERVICE AT THE END OF JANUARY 1977. PAN AMERICAN HAS BEEN AUTHORIZED TO SUSPEND SERVICE TO JAKARTA AND DENPASAR, AND HAS DONE SO.

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TIGER HAS AN APPLICATION PENDING BEFORE THE CAB AND

WOULD LIKE TO SERVE JAKARTA IF IT COULD BE LINKED WITH SINGAPORE AND MALAYSIA. PAN AMERICAN, BELIEVING THAT US-INDONESIA TRAFFIC LEVELS ARE TOO LOW TO SUPPORT ITS ALL-747 OPERATIONS, RECOMMENDS THAT NO UNDERSTANDING BE REACHED WITH INDONESIA AT THIS TIME. HOWEVER, THE CARRIER COULD CONSIDER REINSTITUTING SERVICE IF THE OPERATING CONDITIONS WERE FAVORABLE AND GARUDA SERVED THE UNITED STATES. NORTHWEST IS OPPOSED TO THE GRANT OF FIFTH FREEDOM RIGHTS TO PACIFIC BASIN COUNTRIES.

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U.S., AND THAT OVER THE INTERVENING MONTHS INDONESIA HAS MADE COUNTER-PROPOSALS WHICH APPEAR TO BE MOVING CLOSER TO THE U.S. PROPOSAL.

QUOTE IN VIEW OF THE FOREGOING, WE RECOMMEND THAT THE UNITED STATES SEEK THE FOLLOWING, WHICH IS CONSISTENT WITH THE SEPTEMBER PROPOSAL: (1) A TWO-YEAR AGREEMENT WHICH WOULD GOVERN SCHEDULED OPERATIONS; (2) A ROUTE FOR INDONESIA TO GUAM, HONOLULU AND LOS ANGELES; (3) A ROUTE FOR THE UNITED STATES VIA MANILA, KUALA LUMPUR AND SINGAPORE, WITH FULL TRAFFIC RIGHTS AND THE UNDERSTANDING THAT KUALA LUMPUR AND SINGAPORE COULD BE SERVED AS AN INTERMEDIATE, NO MORE THAN ONE FOREIGN POINT TO BE SERVED ON ANY FLIGHT; (4) FOR THE FIRST YEAR, NO MORE THAN TWO WEEKLY WIDE-BODIED FLIGHTS WOULD BE OPERATED BY GARUDA, AND ONE WEEKLY WIDE-BODIED FLIGHT WOULD BE OPERATED BY THE U.S.-DESIGNATED CARRIER. (IN THE NEXT YEAR, THE U.S. CARRIER WOULD OPERATE TWO WEEKLY WIDE-BODIED FLIGHTS.) IF ABSOLUTELY NECESSARY TO REACH AGREEMENT, STOP-OVER RIGHTS COULD BE ACCEPTED IN LIEU OF FULL TRAFFIC RIGHTS, ALTHOUGH IT IS DESIRABLE TO OBTAIN FIFTH FREEDOM RIGHTS TO SUPPORT THE U.S. LONG-RANGE SERVICE. (WE DO NOT HAVE THE SAME NEED FOR INCREASED TOURISM AS DOES INDONESIA.) IN ADDITION, THE U.S. SHOULD SEEK AN UNDERSTANDING ON THE FUTURE OPERATION OF ALL-CARGO SERVICES, WITH AN OPTION TO PROVIDE SUCH SERVICES BY ONE OR MORE DESIGNATED U.S. CARRIERS. THE UNITED STATES SHOULD NOT AGREE TO RESTRICTIONS ON EQUIPMENT USAGE (SUCH AS INDONESIA'S PROPOSED PROHIBITION ON 747SP SERVICE), "ROPING-OFF" PROCEDURES, OR "PART-CHARTERS." THE POSSIBILITY OF CHARTER-ONLY SERVICES AND THE ACCEPTABILITY OF U.S. CHARTER RULES SHOULD BE EXPLORED. IT IS ALSO RECOMMENDED THAT THE U.S. DELEGATION EXPLORE INDONESIA'S INTENTIONS TO ASSURE NO DISCOUNTING OF TICKETS BELOW ESTABLISHED TARIFF LEVELS.

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QUOTE THE UNITED STATES CARRIERS ARE UNANIMOUS IN THEIR OPPOSITION TO THE GRANT OF FIFTH FREEDOM RIGHTS, BUT THEY WOULD BE WILLING TO SEE SINGAPORE OBTAIN A POINT ON THE WEST COAST. WHILE WE HAVE GIVEN SERIOUS CONSIDERATION TO GRANTING INTERMEDIATE POINTS TO SINGAPORE, WE BELIEVE, ON BALANCE, THAT TO DO SO WOULD NOT BE IN THE UNITED STATES' BEST INTEREST, BECAUSE OF THE EXTREME DIFFICULTY OF ASSURING THAT THE CARRIER WILL AVOID FIFTH FREEDOM CARRIAGE. WE STRONGLY OPPOSE GIVING ANY OPPORTUNITY FOR ADDITIONAL THIRD COUNTRY INTRUSIONS INTO US-JAPAN TRAFFIC. PREVIOUSLY WE RECOMMENDED GRANTING AN INTERMEDIATE WITHOUT A WEST COAST TERMINAL. WE WOULD NOW PROPOSE THAT SINGAPORE BE OFFERED A ROUTE TO GUAM, HONOLULU, AND SEATTLE OR OAKLAND. WE COULD AGREE TO A TECHNICAL STOP WEST OF HONOLULU (SO THAT VANCOUVER IS EXCLUDED) BUT NOT A STOP IN JAPAN. WE HAVE GIVEN CONSIDERATION TO THE POSSIBILITY OF JAKARTA OR BANGKOK AS INTERMEDIATE POINTS; HOWEVER, THIS MAY BE AN IDLE GESTURE SINCE SINGAPORE COULD

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SERVE THESE POINTS BEHIND THEIR HOMELAND. IN ORDER TO REACH AN AGREEMENT, WE WOULD BE WILLING TO CONSIDER HONG KONG AS AN INTERMEDIATE POINT, BUT ON A BLIND-SECTOR BASIS ONLY. FINALLY, AS A LAST RESORT, WE WOULD ACCEDE TO GRANT RIGHTS TO LOS ANGELES BUT ONLY AS THE SOLE TERMINAL ON THE WEST COAST, PROVIDED ALL OTHER ISSUES ARE RESOLVED.

QUOTE THE UNITED STATES ROUTE ASPIRATIONS REMAIN FROM THE UNITED STATES VIA INTERMEDIATE POINTS IN THE PHILIPPINES, MALAYSIA AND INDONESIA. FIFTH FREEDOM RIGHTS INTO SINGAPORE ARE NOT NECESSARY. THE U.S. DELEGATION

SHOULD ALSO SEEK LIMITED BEYOND RIGHTS, I.E., INDONESIA

TO COMPENSATE IN PART FOR RIGHTS AT THE THREE U.S. POINTS. THE SINGAPOREANS SHOULD ALSO BE REQUIRED, INTER ALIA, TO REMOVE ALL CURRENTLY IMPOSED OPERATION RESTRICTIONS, ACCEPT MULTIPLE DESIGNATION (INCLUDING AN OPTION FOR ALL-CARGO SERVICES), AND PERMIT U.S. CARRIERS TO USE THEIR OWN GROUND-HANDLING FACILITIES. THE PROPOSED LEVEL OF OPERATIONS DURING THE INTRODUCTORY PERIOD SHOULD BE DISCUSSED AND AGREED IN ADVANCE. AS WITH INDONESIA, THE ACCEPTABILITY OF CHARTER-ONLY OPERATIONS AND U.S. CHARTER RULES SHOULD BE EXPLORED.

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TO AMEMBASSY SINGAPORE PRIORITY

C O N F I D E N T I A L STATE 039197

FOLLOWING REPEAT STATE 039197 SENT ACTION JAKARTA 22 FEB.

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Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Office: ORIGIN EB
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